



STATE OF INDIANA
OFFICE OF THE GOVERNOR
State House, Second Floor
Indianapolis, Indiana 46204

Eric J. Holcomb
Governor

January 31, 2017

The Honorable Norris Cochran
Acting Secretary of the Department of Health and Human Services
200 Independence Avenue, SW
Washington, DC 20201

Re: Healthy Indiana Plan §1115 Demonstration Waiver Extension (Project No. 11-W- 00296/5)

Dear Acting Secretary Cochran,

I am pleased to submit Indiana's application to extend the Healthy Indiana Plan ("HIP") §1115 demonstration waiver through January 31, 2021.

First approved by CMS in 2008, HIP is the nation's first consumer-driven health plan for Medicaid beneficiaries and has demonstrated remarkable success in empowering participants to become engaged consumers of healthcare services. This is a plan built by Hoosiers for Hoosiers, and it has succeeded in measurably improving behaviors and healthy outcomes. I request the flexibility to maintain and develop our innovative model as Congress and the Administration develop much needed plans for repealing and replacing ObamaCare.

There are now 400,000 members currently enrolled, and our consumer skin-in-the-game approach has yielded better health outcomes and helped members be better informed and more active participants in their health outcomes. Here are examples:

- Of the nearly 70 percent of members who have enrolled in HIP Plus, 92 percent of members below the poverty line and 94 percent of those above the federal poverty level make regular contributions to an account similar to a health savings account.
- HIP members making contributions to their accounts are more likely to obtain primary care and preventive care, have better drug adherence, and rely less on the emergency room for treatment compared to those who do not.
- HIP provides a \$2,500 deductible, which is funded by a combination of personal and state contributions. After their first year of enrollment, more than 62 percent of all HIP members successfully managed their POWER accounts, spending less than their \$2,500 deductible.
- Nearly half of all HIP members (48 percent) earned the rollover incentive, with an average amount of \$113 eligible to offset future contribution requirements

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We plan to build upon these important successes, and through this waiver seek several program enhancements:

First, I request expanded access to substance use disorder (SUD) services for *all* Medicaid recipients to support our overall statewide SUD efforts. Specifically, this waiver will add new Medicaid-covered services for members, including residential treatment services and addiction recovery management. Additionally, we will expand access to providers to enable Medicaid recipients to receive these SUD and mental health services at more locations and new treatment centers throughout Indiana.

Far too many Hoosiers are caught in the strangling grip of drugs and the sad fact is that drug overdoses have increased 500 percent since 2000. Indiana is now 15th in the country in overdose fatalities, and this epidemic continues to cause ripple effects with devastating impacts on families, communities, government agencies, our economy, and our healthcare system. In one of my first acts as Governor, I created a cabinet-level position designed to develop and implement statewide solutions to respond and recover from the drug epidemic with real and measurable outcomes. The expanded access we seek for Hoosiers through this waiver extension will prove critical to the success of our efforts.

Additionally, I seek this extension to make program enhancements that further incentivize individuals to improve their health status through specific member incentives targeting tobacco cessation, SUD, chronic disease management, and participation in Gateway to Work, HIP's voluntary work referral and job training program.

Indiana has built a program that is delivering real results in a responsible, efficient, and effective way. We look forward to maintaining the flexibility to grow this remarkably successful tool and to preserve our ability to respond to the unique needs of Hoosiers. We are confident that your team will support us in these efforts and we look forward to working with our federal partners at the Centers for Medicare & Medicaid Services to enhance the program and strengthen its core principles of personal responsibility and consumer-driven healthcare. Please contact my office with any questions.

Sincerely,

A handwritten signature in dark ink, appearing to read "Eric Holcomb". The signature is stylized with a large "E" and "H".

Eric J. Holcomb
Governor of Indiana